STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE HUMAN SERVICES COMMITTEE
MARCH 1, 2022

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Testimony Supporting House Bill No. 5040

AN ACT CONCERNING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR HUMAN SERVICES

Senator Moore, Representative Abercrombie and distinguished members of the Human Services Committee, thank you for the opportunity to offer written testimony on House Bill No. 5040, An Act Concerning the Governor's Budget Recommendations for Human Services.

This bill implements six provisions that are included in the Governor's proposed budget adjustments for the Departments of Social Services (DSS) and Public Health (DPH). In addition to making technical revisions and clarifications, the bill expands and enhances two important initiatives that will improve health care access and equity—extending the Student Loan Repayment Program (SLRP) to cover behavioral health providers in addition to currently eligible primary care providers and building capacity for community health workers through our Community Action Agency (CAA) network.

The first provision, under Section 1 of the bill, expands the scope of the Student Loan Repayment Program administered by DPH to encompass behavioral health services. Under this section, eligibility will be extended to psychiatrists, psychologists, licensed clinical social workers, licensed marriage and family therapists, and licensed professional counselors. The SLRP promotes the recruitment and retention of health care professionals, by incentivizing commitment to serving patients in federally designated health professional shortage areas through the repayment of educational loans in exchange for a specified period of employment. By alleviating the burden of student loan debt, the program will encourage students from diverse socioeconomic backgrounds to pursue careers in the health care sector and work in underserved communities, which in turn improves health care access and promotes health equity in vulnerable communities hit hard by the pandemic.

The adopted biennial budget includes in $500,000 in Coronavirus State Fiscal Recovery Funds (CSFRF) in both FY 2022 and FY 2023 to reinstate the SLRP, which has not operated since 2012. However, the authorizing legislation (CGS Sec. 19a-7d) restricts the program's coverage to primary care services and primary care practitioners. The Governor's recommended budget adjustments allocate an additional $17 million from CSFRF to support the SLRP ($3.0 million in FY 2023, and $7.0 million in each of FY 2024 and FY 2025). The infusion of additional funding and the expanded scope of the program to include both primary and behavioral health providers will mean that significantly more clinicians will benefit from the program, thus enhancing access to care.

Sections 2 and 3 will allow us to fully expend the funding allocated for the Community Health Worker Grant Program in the adopted budget and facilitate implementation to achieve program goals. Section 3 transfers the administration of the program to DSS. Since DSS maintains existing contracts with CAAs across various programs, they are best positioned to oversee and implement this program.

Additionally, the bill will enable the full investment of funds, as originally envisioned by the legislature, by removing the cap on the amount of funds that can be issued to each of the state's nine Community Action Agencies and instead applying the cap on the amount of funds issued per community health worker. Without this change, a maximum of $30,000 could be issued annually to each CAA, which, leaves a significant portion of the original funds ($2.7 million in both FY 2022 and FY 2023) unspent. It should be noted that these funds do not lapse at the end of the fiscal year for which the funds were allocated but will continue to be available throughout the period specified by the U.S. Department of the Treasury. Thus, the agencies will have until December 31, 2024 to obligate these funds and until December 31, 2026 to expend the funds.

Lastly, this provision clarifies requirements of the application process to ensure CAAs applying for the program incorporate strategies to integrate community health workers into the health care delivery team. This change will enhance community health workers' capacity to address both health care and social service needs, and ultimately help achieve the objective of the program to strengthen linkages between the CAA network, social service programs, and health care providers.

Section 4 updates language to provide broader levels of nursing home facility support. This section broadens the use of the $10 million allocated in the enacted budget under CSFRF. As originally written, the funding was to be used to provide temporary financial relief to nursing homes based on the percent difference between a nursing home's issued and calculated reimbursement rate. Given the relatively small amount of funding and the prohibition on the use of CSFRF to draw a federal Medicaid match, these grants were to be pro-rated. Rather than using one-time grants to partially address this systemic issue, the Administration has instead taken steps to permanently address the disparity between issued and calculated rates through a full rebasing as part of a phased-in transition to an acuity-based reimbursement system.

When fully implemented and annualized over the three-year period, the state will be investing $45 million ($90 million total including federal share) to rebase Medicaid rates and support the transition, which gives nursing homes predictability regarding their reimbursement and allows for necessary adjustments to their business models. The Governor's recommended budget includes funding of $12.8 million ($25.6 million total including federal share) to support the first year of implementation, during which nursing homes can receive additional funding to provide care to those with the highest level of needs, and a guarantee that no nursing home will receive a decrease in their rate because of acuity during that first year.

Therefore, the funding is no longer needed to address rate differentials in the issued and calculated rates. However, given the ongoing challenges the industry is facing, we agree additional support would be helpful to many nursing homes at this time. The Administration recommends utilizing the existing $10 million in CSFRF funding to extend the current temporary rate increase of 10% for an additional month.[1] By using Medicaid funds to support the rate increases for April and May 2022 and the CSFRF funding to cover the costs for June 2022, nursing homes will receive over $29 million to support staffing costs and other expenses related to the public health emergency over the course of this three-month extension.

Section 5 clarifies that establishment of a minimum rate of $501 for Intermediate Care Facilities (ICFs) is tied to the pandemic and shifts funding to CSFRF. The enacted budget included state funding of $1.6 million in each year to establish a minimum per diem, per bed rate of $501 for FY 2022 and FY 2023. The expectation was that this temporary increase for ICFs would be federally reimbursed. Unfortunately, because this provision would result in payments to ICFs that are in excess of their actual costs, the state is unable to claim federal reimbursement on these costs as the state would be exceeding the federal upper payment limit.

Recognizing that the purpose of the temporary increase was to provide pandemic-related support to those facilities that were being reimbursed at lower levels, funding for this initiative in FY 2023 (estimated at $2.8 million) is being shifted to CSFRF. Under this bill, Section 325 of Public Act 21-2 of the June Special Session, is amended to clarify that the purpose of the funding is to provide pandemic-related support.

Finally, Section 6 strikes unnecessary and potentially conflicting language in statute governing DSS' Temporary Family Assistance (TFA) program. The provision would have required DSS, beginning in FY 2024, to provide a Cost-of-Living Adjustment (COLA) whenever funds appropriated for TFA lapse at the close of the fiscal year (provided that the adjustment has not already been included in the budget and that the increase would not create a budget deficiency in succeeding years). This is unnecessary as CGS Section 17b-104 already provides for automatic COLA increases without limiting administrative flexibility by conditioning increases upon a lapse. In fact, legislative action is required for these COLAs to not occur – by amending Section 17b-104 – and thus, for administrative ease and greater predictability with respect to budgeting, provisions that already exist under Section 17b-104 should govern if that is the legislative will.

Thank you for the opportunity to provide comment and explanation of the provisions in H.B. 5040, which implement the Governor's budget revisions related to health and human services. I respectfully request that the committee support this bill.

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[1] The enacted budget includes funding to support a temporary 10% rate increase for the nine-month period from July 1, 2021, through March 31, 2022.